

## Message Text

UNCLASSIFIED

PAGE 01 STATE 120865  
ORIGIN AGRE-00

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07  
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04  
OPIC-06 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05  
SS-15 STR-04 CEA-01 L-03 /094 R

DRAFTED BY AGRIC:FAS:FCA:O&P:GWANAMAKER/STATE;JRICHARDSON:F  
APPROVED BY EB/ORF/OFJ/JFERCH  
FASFCA:O&P:PLMACKIE  
FAS:ITP:GWHITE  
AGRIC:OS:DEHATHAWAY  
F6S:AA:ETRANSOM  
FAS:MSD:ERBEVIS  
STATE:PTAYLOR; ARA/ECP/ACOOLEY  
ARA/ECA/TSHUGART

-----260713Z 049309 /16

R 252027Z NAY 77  
FM SECSTATE WASHDC  
TO AMEMBASSY BRASILIA

UNCLAS STATE 120865

E.O. 11652: N/A

TAGS: EAGR, XX

SUBJECT:U.S. CONCERN OVER REPEATED CHANGES IN BRAZILIAN  
SOYBEAN EXPORT POLICY

1. CURRENT MARKET CONDITIONS FOR SOYBEANS AND PRODUCTS ARE  
VERY SENSITIVE REFLECTING TIGHT SUPPLIES RESULTING FROM  
REDUCED U.S. SOYBEAN HARVEST IN 1976 (18 PERCENT BELOW THE  
1975 LEVEL), STRONG DOMESTIC AND FOREIGN DEMAND, AND  
UNCERTAINTY AS TO THE SIZE OF THE BRAZILIAN HARVEST AND  
EXPORT AVAILABILITIES.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 120865

2. WASHINGTON AGENCIES ARE CONCERNED THAT RECENT SHIFTS IN  
SOYBEAN EXPORT POLICY BY THE GOVERNMENT OF BRAZIL (GOB)  
HAVE CONTRIBUTED TO WORLD MARKET UNCERTAINTIES. WE  
NOTE THE FOLLOWING SIGNIFICANT POLICY CHANGES SINCE MARCH 16,  
1977:

MARCH 16 CACEX SUSPENDS EXPORT LICENSES FOR NEW CROP SOYBEANS, SOYBEAN MEAL AND SOYBEAN OIL.

MARCH 23 GOB INSTITUTES 7 PERCENT CONTRIBUTION TAX ON EXPORTS OF SOYBEANS AND PRODUCTS.

MARCH 24 GOB RESUMES EXPORT LICENSING OF SOYBEANS, OIL, AND MEAL.

MARCH 28 GOB LIBERATES FIXED PRICE EXPORT CONTRACTS. NON-PRICED CONTRACTS ARE NOT GRANTED EXPORT LICENSES.

APRIL 1 GOB ESTABLISHES DOMESTIC MEAL PRICES--FIXES CRUSHER SUBSIDIES; SUBSIDIZES DOMESTIC OIL PRICES.

APRIL 13 GOB OPENS EXPORT REGISTRATIONS FOR NON-FIXED PRICE CONTRACTS. SALES OF NON-FIXED PRICED SOYBEANS WILL BE LIMITED TO A PERCENTAGE OF TOTAL SALES BY EACH EXPORTER.

MAY 2 BRAZIL INCREASES CONTRIBUTION TAX TO 12 PERCENT. CACEX REPORTS BRAZILIAN SOYBEAN CROP MAY NOW TOTAL ONLY 11.5 MILLION TONS AND EXPORT AVAILABILITIES OF SOYBEANS AND PRODUCTS ARE REDUCED.

3. SINCE BRAZIL AND THE U.S. ACCOUNT FOR THE VAST MAJORITY OF WORLD SOYBEAN AND PRODUCT EXPORTS, IT IS IN OUR MUTUAL INTEREST TO AVOID DISRUPTIONS OF WORLD MARKETS THROUGH CREATING UNCERTAINTIES IN THE MINDS OF PURCHASERS. DURING PERIODS OF TIGHT SUPPLIES IT SHOULD BE MUTUALLY AGREED TO MINIMIZE ALL FACTORS WHICH REFLECT ADVERSELY ON SUPPLY  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 120865

AVAILABILITIES. WE ARE CONCERNED THAT RECENT GOB POLICY SHIFTS HAVE CONTRIBUTED TO TRADE UNCERTAINTY, CASTING DOUBT ON RELIABILITY OF PRINCIPAL SUPPLIERS AND LEADING TO POSSIBLE FUTURE DECREASES IN USE OF U.S.--BRAZILIAN SOY PRODUCT EXPORTS.

4. ACTION REQUESTED: EMBASSY REQUESTED TO EXPRESS TO GOB OUR CONCERN OVER RECENT SHIFTS IN SOYBEAN POLICY DRAWING ON POINTS MADE ABOVE, CONVEY OUR CONTINUED WILLINGNESS TO DISCUSS MUTUAL PROBLEMS IN THIS AREA AND REPORT GOB REACTION.  
VANCE

UNCLASSIFIED

NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* UNCLASSIFIED

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, POLICIES, SOYBEANS, TRADE CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 25-May-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE120865  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** FAS:FCA:O  
**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
**Expiration:**  
**Film Number:** D770188-0141  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t197705107/aaaftyi.tel  
**Line Count:** 113  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON MICROFILM, TEXT ON-LINE  
**Message ID:** 2e8e6088-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN AGRE  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 23-Mar-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2338499  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> srp 970903  
**Subject:** U.S. CONCERN OVER REPEATED CHANGES IN BRAZILIAN SOYBEAN EXPORT POLICY  
**TAGS:** EAGR, ETRD, BR, US, XX  
**To:** BRASILIA  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/2e8e6088-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009